

## Notice of Proposed Action

The Administrator of the Motor Vehicle Administration proposes to amend **Regulation .01 - .03** under **COMAR 11.18.04 Reporting Requirements for Lapse or Termination of Required Security**.

### Statement of Purpose

The purpose of this action is to amend regulations to establish guidelines for the mandatory electronic reporting of security required pursuant to House Bill 1180, Chapter 421, Acts of 2012.

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## Title 11 DEPARTMENT OF TRANSPORTATION

### Subtitle 18 MOTOR VEHICLE ADMINISTRATION — FINANCIAL RESPONSIBILITY

#### Chapter 04 Reporting Requirements for [Lapse or Termination of] Required Security

Authority: Transportation Article, [§§17-101(c), 17-104(c), 17-106(b), and 27-608)] §§12-104(b), 17-101, 17-103, 17-104, 17-106; Insurance Article §27-611, Annotated Code of Maryland

##### .01 Scope.

These regulations apply to [lapses and terminations of] *mandatory electronic reporting of* [security required by Transportation Article, §17-101(c), Annotated Code of Maryland, and specify] lapses [and], terminations *reinstatements, and new policies of security required* [that are required] by Transportation Article, [§17-106(b)(i)] §§17-104(c) and 17-106, Annotated Code of Maryland[, to be reported immediately to the Administration].

##### .02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1) (text unchanged)

(2) ["Final" means that date after which a policy is not reinstated by an insurer to maintain continuous coverage of a vehicle with the security required by Transportation Article, §17-103(b), Annotated Code of Maryland.] *"Fleet policy" has the meaning as stated in Transportation Article, §17-101, Annotated Code of Maryland.*

(3) [Lapse or Termination.] *"Immediately" means by the close of business on the next business day.*

[(a)](4) "Lapse or termination" means [those insurance cancellation types defined in §B(3)(b)----(h) of this regulation] *interruption of continuous coverage caused by the failure of an insurer to renew the security required by Transportation Article, §17-103(b), Annotated Code of Maryland.*

[(b)] "Type I----Nonpayment" means that the insured failed to pay an original, midterm, or additional premium to the insurer or premium finance company by the due date.

(c) "Type 2----Underwriting" means that the applicant is ineligible for coverage under the provisions of Article 48A, §243D, Annotated Code of Maryland, or that the insurer makes a final decision to cancel or refuse to renew coverage in accordance with the provisions of Article 48A, §240AA., Annotated Code of Maryland.

(d) "Type 3----Insured Request" means that the insured requested cancellation of coverage and no evidence is provided or available to substantiate a Type 21 request for cancellation, as defined in §B(3)(g) of this regulation.

(e) "Type 4----Other" means that the insured's coverage lapses or terminates for a reason not defined in this regulation.

(f) "Type 20----Nonrenewal" means that the insured who is eligible for renewal has terminated coverage at the expiration or anniversary date of the policy with no succeeding policy issued by the insurer.

(g) "Type 21----Insured Request" means that the insured requested cancellation or termination of coverage, or deletion of a vehicle from the policy, and evidence was submitted, was available, or a reasonable belief existed that the:

(i) Insured moved out of State;

(ii) Vehicle is in storage;

(iii) Vehicle was declared a total loss by an insurer following an accident, and was not returned to the insured;

(iv) Vehicle was traded to a car dealer;

(v) Maryland registration plates were legally transferred to another vehicle or returned to the Administration;

(vi) Vehicle was stolen and reported to a law enforcement agency; or

(vii) Vehicle was repossessed by the lien holder.

(h) "Type 22----Binder Cancellation" means the cancellation of an insurance binder if the binder has been in effect for 44 days or less.]

(5) "Policy" means a vehicle policy or binder for required security as defined by §17-101(d), Annotated Code of Maryland, issued by an insurer or other provider of required security.

### **.03 Reporting Guidelines.**

#### **A. [Lapses and Terminations] Required Reporting.**

(1) *Except as provided in §A(2) of this regulation, insurance companies shall immediately report, in an electronic format determined by the Administration:*

- (a) *New policies;*
- (b) *Lapses;*
- (c) *Terminations;*
- (d) *Reinstatements, and*
- (e) *Policy changes as specified under §B of this regulation.*

(2) *Insurance companies shall report, in an electronic format determined by the Administration, fleet policy coverage changes every 30 days, to include:*

- (a) *Company additions or deletions; and*
- (b) *Policy number changes.*

[(1) Final lapses and terminations, as defined in Regulation .02B(3)(b)–(e) of this chapter, shall be reported immediately to the Administration by the insurer.

(2) If the insurer writes less than 5,000 policies in the State, the insurer shall report lapses and terminations on either:

- (a) Administration Form FR-13, Notice of Cancellation or Termination of Policy—Maryland; or
- (b) Magnetic media or electronically in a format prescribed by the Administration.

(3) If the insurer writes 5,000 or more policies in the State, the insurer shall transmit lapses and terminations via magnetic media or electronically in a format prescribed by the Administration.

B. In addition to those final lapses and terminations defined in Regulation .02B(3)(b)–(e) of this chapter, the Maryland Automobile Insurance Fund shall report those final lapses and terminations defined in Regulation .02B(3)(h) of this chapter.]

(3) *If an insurance company does not have any new policies, lapses, terminations, reinstatements, or policy changes as specified under §B of this regulation, the insurance company shall submit a report of no business by the close of business on the last business day of the month.*

[C.] B. *Except as provided in §A(2) of this regulation [Notifications] notifications of new policies, lapses [and], terminations, and reinstatements by an insurer shall include:*

(1) [A type code, as defined in Regulation.02B(3)(b)–(e) of this chapter, explaining the reason for the termination or lapse of coverage;

(2)] The name of the insured;

[(3)–(6)] (2)–(5) (text unchanged)

[(7)] (6) The *current* policy number;

[(8)] (7) (text unchanged)

[(9)] (8) *If applicable:*

(a) The cancellation date of the policy; and

(b) A type code, in a format required by the Administration, explaining the reason for the termination or lapse of coverage.

#### **[D.] C. Rejected Notifications.**

(1) The Administration shall reject notifications of *new policies, [lapse] lapses [and], terminations, and reinstatements* which do not include all of the items specified in [§C] §B of this regulation.

(2) The insurer shall resubmit notifications rejected under the provisions of [§D(1)] §C(1) of this regulation to the Administration [within 30 days] *as soon as practicable*.

[E. Except as set forth in §B of this regulation, final lapses and terminations, as defined in Regulation .02B(3)(f)–(g) of this chapter, do not need to be reported to the Administration.]

[F.] D. The insurer shall provide, at each occurrence when the required security will terminate or be canceled, timely notification to the insured of the penalties that may be imposed by the [Motor Vehicle] Administration in accordance with Transportation Article, §17-106, Annotated Code of Maryland, for their failure to return evidence of registration when the required security has ended and is not replaced. The notice shall include the following statements:

(1) —(2) (text unchanged)

E. *Insurance companies shall report, maintain, and update contact information, in a format required by the Administration, for the purpose of establishing and maintaining a database containing the proper address for providing notice to an insurer under Transportation Article §21–10A–04, Annotated Code of Maryland.*

**JOHN T. KUO**  
**Administrator**  
**Motor Vehicle Administration**